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Commonwealth Land Title Insurance Company

WALSH SECURITIES, INC.,

Plaintiff,

v.

CRISTO PROPERTY MANAGEMENT,
LTD., A/K/A G.J.L. Limited, ET AL.,

Defendants.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

Civil Action No. 97-cv-3496 (DRD)(MAS)

Hon. Dickinson R. Debevoise, U.S.S.D.J.
Hon. Michael A. Shipp, U.S.M.J.

**CERTIFICATION OF GARY R. TULP IN
SUPPORT OF DEFENDANT
COMMONWEALTH LAND TITLE
INSURANCE COMPANY'S LETTER BRIEF
SEEKING PERMISSION TO INQUIRE INTO
THE TERMS OF THE SETTLEMENT
AGREEMENTS AMONG PLAINTIFF AND CO-
DEFENDANTS**

GARY R. TULP, hereby certifies as follows:

1. I am an attorney at law of the State of New Jersey and am associated with the firm of McCarter & English, LLP, attorneys for Defendant/Third-Party Plaintiff Commonwealth Land Title Insurance Company ("Commonwealth") in this case. I make this Certification in support of Commonwealth's application for permission to inquire into the terms of the settlement agreements entered into between plaintiff and co-defendants Messrs. Skowrenski and Alfieri. I am fully familiar with the facts and information set forth herein.

2. Attached hereto as Exhibit A is a true and accurate copy of pertinent portions of the transcript of the Deposition of Robert C. Walsh, dated April 9, 2010.

3. Attached hereto as Exhibit B is a true and accurate copy of pertinent portions of the transcript of the Deposition of Robert Walter Skowrenski, II, dated May 25, 2010.

4. Attached hereto as Exhibit C is a true and accurate copy of pertinent portions of the transcript of the Deposition of Michael Alfieri, dated June 2, 2010.

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



GARY R. TULP

Dated: August 16, 2010

EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY
CIVIL NO. 97-3496 (DRD)

4 WALSH SECURITIES,
5 INC.,
6 Plaintiff,
7 v.
8
9 CRISTO PROPERTY
10 MANAGEMENT, LTD., a/k/a
11 G.J.L. LIMITED; DEK
12 HOMES OF NEW JERSEY,
13 INC.; OAKWOOD
14 PROPERTIES, INC.;
15 NATIONAL HOME FUNDING,
16 INC.; CAPITAL ASSETS
17 PROPERTY MANAGEMENT &
18 INVESTMENT CO., INC.;
19 CAPITAL ASSETS
20 PROPERTY MANAGEMENT,
21 L.L.C.; WILLIAM KANE;
22 GARY GRIESER; ROBERT
23 SKOWRENSKI, II;
24 RICHARD CALANNI;
25 RICHARD DI BENEDETTO;
JAMES R. BROWN; THOMAS
BRODO; ROLAND PIERSON;
STANLEY YACKER, ESQ.;
MICHAEL ALFIERI, ESQ.;
RICHARD PEPSNY, ESQ.;
ANTHONY M. CICALESE,
ESQ.; LAWRENCE CUZZI;
ANTHONY D'APOLITO; DAP
CONSULTING, INC.;
COMMONWEALTH LAND
TITLE INSURANCE CO.;
NATIONS TITLE
INSURANCE OF NEW YORK,
INC.;

COPY

DEPOSITION UPON
ORAL EXAMINATION
OF
ROBERT C. WALSH

1 :
 2 FIDELITY NATIONAL :
 3 TITLE INSURANCE CO. OF :
 4 NEW JERSEY; COASTAL :
 5 TITLE AGENCY; DONNA :
 6 PEPSNY; WEICHERT :
 7 REALTORS and VECCHIO :
 8 REALTY, INC. D/b/a :
 9 MURPHY REALTY BETTER :
 10 HOMES AND GARDENS, :
 11 :
 12 Defendants. :
 13 -----
 14

15 T R A N S C R I P T of the stenographic
 16 notes of HOWARD A. RAPPAPORT, a Notary Public and
 17 Certified Shorthand Reporter of the State of
 18 New Jersey, Certificate No. XI00416, taken at the
 19 offices of MC CARTER & ENGLISH, LLP, Four Gateway
 20 Center, Newark, New Jersey, on Friday,
 21 April 9, 2010, commencing at 9:35 a.m.
 22
 23
 24
 25

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
|--|---|---|---|--------------|---|---|---|---|----|----|----|----|----|----|----|----|----|-----|----|----|----|----|----|----|
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| Cross-Examination by Mr. Hayes | | | | | | | | | | | | | | | | | | | | | | | | |
| EXHIBITS DESCRIPTION FOR IDENT. | | | | | | | | | | | | | | | | | | | | | | | | |
| Robert Notice to take oral 5 | | | | | | | | | | | | | | | | | | | | | | | | |
| Walsh-1 deposition of plaintiff Walsh Securities | | | | | | | | | | | | | | | | | | | | | | | | |
| Robert Fourth amended complaint 5 | | | | | | | | | | | | | | | | | | | | | | | | |
| Walsh-2 | | | | | | | | | | | | | | | | | | 5 | | | | | | |
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1 A P P E A R A N C E S:
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 4 Short Hills, New Jersey 07078
 5 BY: ROBERT A. MAGNANINI, ESQ.,
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 11 Newark, New Jersey 07102-0652
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 17 Lawrenceville, New Jersey 08648
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 19 For Defendants Nations Title Insurance and
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 21 METHFESSEL & WERBEL
 22 3 Ethel Road
 23 Suite 300
 24 Edison, New Jersey 08818
 25 BY: MARTIN R. MC GOWAN, ESQ.,
 26 For Coastal Title Agency

1 (Exhibits marked for identification 5
 2 Robert Walsh-1, Notice to take oral deposition of
 3 plaintiff Walsh Securities; Robert Walsh-2, Fourth
 4 amended complaint; Robert Walsh-3, Letter dated
 5 April 3, 1998 from Walsh Securities to William T.
 6 Lutz.)
 7 MR. KOTT: Before we swear the witness,
 8 I had marked for identification exhibit Robert
 9 Walsh-1, which is a notice to take oral deposition of
 10 plaintiff Walsh Securities, Inc. which I served on
 11 Mr. Magnanini.
 12 Robert Walsh-2 is the fourth-amended
 13 complaint that is filed as document 302, filed with
 14 the clerk electronically on 07/10/2009. Attached to
 15 it is document number 302-2, electronically filed the
 16 same day, which are the exhibits.
 17 Exhibit Robert Walsh-3 is an April 3,
 18 1998 letter and its enclosures written by Fred H.
 19 Schlesinger, vice president and general counsel of
 20 Walsh Securities, Inc., to William T. Lutz, Esquire,
 21 Sedwick Law Firm, apparently making a claim under a
 22 mortgage bankers bond.
 23 MR. MAGNANINI: Do you have copies of
 24 those? I didn't bring any.
 25 MR. KOTT: Yes.

2 (Pages 2 to 5)

1 Now, it was our assumption -- that's why
 2 I said it was assumed -- that a good chance that
 3 would be a fraudulent loan.

4 It didn't mean that we lost a lot of
 5 money on those particular loans. It just meant those
 6 were loans that we had to deal with and we had to
 7 work those loans out.

8 Q That one and a half percent, we are
 9 dealing with about 220 loans in this case?

10 A Yes.

11 Q The one and a half percent, how many
 12 loans does that represent company-wide?

13 A Probably about the same.

14 Q Now the arithmetic is not adding up. I
 15 asked you non NHF loans.

16 A That was about one and a half, two
 17 percent of our total loans that were closed.

18 It's coming out, equating to about the
 19 same number, but not anything to do with that number.

20 It is a coincidence.

21 Q Let me try it this way.

22 You received non-fraud -- I'm sorry,
 23 withdrawn.

24 You received fraud loans from people
 25 other than NHF, is that true?

106 108
 1 Robert Walsh-5, Letter dated July 30, 1996.)
 2 MR. KOTT: Okay, we are at 12:10, we
 3 will go back on.

4 BY MR. KOTT:

5 Q Let me follow up with one or two
 6 questions.

7 About the failure to make the first
 8 payment, which is a strong suspicion of a fraud that
 9 we talked about, do you remember that?

10 A Yes, I do.

11 Q About when did that first begin to
 12 happen at Walsh?

13 A It was standard in the industry. It
 14 wasn't unique to Walsh.

15 Q Okay.

16 A Almost all the players had it.

17 Q Was it a greater percentage of loans in
 18 the New Jersey market than in your other market?

19 A Probably a little bit more in Michigan.

20 Q I marked earlier exhibit Robert Walsh-2,
 21 which is the fourth amended complaint.

22 I assume that is something that you
 23 reviewed in preparation for your deposition?

24 A It was.

25 Q Is there any thing stated in the fourth

107 109
 1 A That's correct.

2 Q And about one and a half percent of your
 3 portfolio were fraud loans received from people other
 4 than NHF, is that true?

5 A Presumed fraud loans. I can't sit here
 6 today and tell you that.

7 I'm saying that the one and a half
 8 percent, Mr. Kott, were loans that didn't make their
 9 first payment.

10 Q You received approximately one and a
 11 half percent loans other than from NHF in which the
 12 loan -- in which there was not a payment on the first
 13 payment, correct?

14 A That is correct.

15 Q That was presumed to be a fraud, is that
 16 correct?

17 A That's correct.

18 MR. MAGNANINI: David, when you get to a
 19 break?

20 MR. KOTT: Let's break.

21 (Recess at 11:50 a.m.)

22 (Deposition resumes at 12:05 p.m.)

23 MR. KOTT: Will you mark this?

24 (Exhibits marked for identification

25 Robert Walsh-4, Letter dated July 3, 1997;

1 amended complaint that is untrue?

2 A Not that I recall.

3 Q In the fourth amended complaint there
 4 are certain allegations against Robert Skowrenski and
 5 his company, National Home Funding, which we have
 6 been calling NHF. What was his involvement in these
 7 frauds?

8 A We know that NHF's paper came in. We
 9 know that Mr. Kane brought in that particular paper.

10 That is the extent -- I read obviously
 11 the depositions of people that pointed a finger to
 12 Mr. Skowrenski.

13 Walsh Securities' firsthand knowledge of
 14 what Mr. Skowrenski knew or didn't know, I don't have
 15 any information.

16 Q Your company sued Mr. Skowrenski,
 17 correct?

18 A That's correct.

19 Q Your company settled with him?

20 A Yes.

21 Q What was the terms of the settlement?

22 MR. MAGNANINI: I guess you got the
 23 settlement. Was that confidential? I thought it
 24 was.

25 MR. HAYES: I don't really care what you

28 (Pages 106 to 109)

110 1 called it. I can't imagine that you could consider
2 it confidential in this litigation.

3 MR. KOTT: Oh good, a fight is breaking
4 out.

5 I'm going to mark a document produced by
6 Mr. Hayes, but actually it is a document 359
7 electronically filed on 10-26-09. It is entitled,
8 "Agreement of settlement release between W/WFI
9 interest and S/NFH interest, and we'll mark that as
10 exhibit Robert Walsh-6, Mr. Rappaport.

11 (Exhibit marked for identification
12 Robert Walsh-6, Agreement of settlement.)

13 Q Call your attention, Mr. Walsh, to page
14 four of the document, Robert Walsh-6. I would ask
15 you, is that your signature on the bottom left-hand
16 corner?

17 (Exhibit handed to the witness.)

18 A Yes.

19 MR. MAGNANINI: David, Amy is right.

20 MR. KOTT: Amy is always right.

21 MR. MAGNANINI: That's why I'm listening
22 to her.

23 Judge Shipp said this was sealed. They
24 took it off the public record.

25 Remember he had to refile?

112 1 what is stated in the fourth amended complaint is
2 untrue, is that correct?

3 A That's correct.

4 Q Earlier we talked about the lulling
5 letters. Let me show you exhibit Robert Walsh-4.
6 Is that one of the lulling letters?
7 (Exhibit handed to the witness.)
8 (Pause.)

9 A It is.

10 Q And on page -- the third page there is a
11 signature. Is that your signature?

12 A It is.

13 Q You in fact signed this letter, is that
14 correct?

15 A That is correct.

16 Q And this letter was addressed to
17 Greenwich Capital Markets?

18 A That's correct.

19 Q They were people from whom you were
20 borrowing money?

21 A That is correct.

22 Q If Greenwich Capital Markets cut you
23 off, meaning they would stop lending you money, you
24 would have trouble remaining in business, is that
25 true?

111 1 MR. KOTT: Okay.

2 MR. MAGNANINI: Off the record for a
3 second, Howard.

4 (Record read.)

5 Q Tell me what facts, if any, Walsh
6 Securities has with respect to Mr. Skowrenski's
7 involvement in the fraud?

8 A The company does not have any direct
9 facts about Mr. Skowrenski. We read certain things
10 in the deposition. We know that National Home
11 Funding was sending in loans. The paper of National
12 Home Funding was sending in loans, and we know that
13 Mr. Kane was delivering loans.

14 Q Was delivering the loans from NHF?

15 A Correct, or they were going through
16 Mr. D'Apolito.

17 Q Well, in the fourth amended complaint
18 there is some fairly specific allegations against
19 Mr. Skowrenski, is that true?

20 A That is correct.

21 Q And those allegations essentially allege
22 that he was an integral part of these mortgage
23 frauds, is that correct?

24 A That's correct.

25 Q And you have no reason to believe that

113 1 A They did cut us off.

2 Q Did that cause significant business
3 problems for you?

4 A It did.

5 Q Ultimately to your going out of
6 business?

7 A No.

8 MR. MAGNANINI: Objection to form.

9 A It didn't help the situation, but they
10 cut us off just about the time of this letter, a
11 little prior.

12 Q In any event, at the time this letter
13 was written, your company very much wanted Greenwich
14 Capital Markets to continue to loan money to your
15 company?

16 A That is correct.

17 Q So you could use that money to loan to
18 borrowers, correct?

19 A Finance the loans that we were
20 acquiring, correct.

21 Q Okay.

22 Did you have an understanding of why in
23 the Bette Ann DeMola's prosecution the federal
24 government considered this letter to be improper?

25 A I don't.

29 (Pages 110 to 113)

EXHIBIT B

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF NEW JERSEY
3 CIVIL ACTION NO. 97-3407 (DRD)

4 WALSH SECURITIES, INC.,

5 Plaintiff,

6 v.

7 CRISTO PROPERTY MANAGEMENT,
8 LTD., et al.,

9 Defendants.

10 - - - - -
11 **COPY**

12 T R A N S C R I P T of the
13 stenographic notes of STANLEY B. RIZMAN, a Notary
14 Public and Certified Shorthand Reporter of the State
15 of New Jersey, Certificate No. XI00304, taken at the
16 offices of Manning, Caliendo & Thomson, PA, 36 West
17 Main Street, Freehold, New Jersey, on Tuesday, May
18 25, 2010, commencing at 10:12 a.m.

19
20
21
22
23
24
25

1 Appearances:
 2 STONE & MAGNANINI, LLP
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 4 Short Hills, New Jersey 07078
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 5
 6 MC CARTER & ENGLISH, LLP,
 7 Four Gateway Center
 8 100 Mulberry Street
 Newark, New Jersey 07102-4056
 BY: DAVID R. KOTT, ESQ.,
 For Commonwealth Land Title Insurance Company
 FOX ROTHSCHILD, LLP
 9 997 Lenox Drive
 Lawrenceville, New Jersey 08648
 BY: EDWARD J. HAYES, ESQ.
 For Nations Title Insurance and
 Fidelity National Title Insurance
 10
 11 METHFESSEL & WERBEL, PC
 12 3 Ethel Road
 Suite 100
 Edison, New Jersey 08818
 BY: MARTIN R. MC GOWAN, ESQ.
 For Coastal Title Agency
 13 MANNING, CALIENDO & THOMSON, PA
 36 West Main Street
 Freehold, New Jersey 07728
 BY: VINCENT P. MANNING, ESQ.
 For the Witness
 14 RICHARD CALANNI,
 Pro se.
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 ROBERT WALTER SKOWRENSKI, II,
 2 residing at 15 Mallard Lane, Ocean, New
 3 Jersey, being first duly sworn, testifies as
 4 follows:
 5 DIRECT EXAMINATION
 6 BY MR. KOTT:
 7 Q Mr. Skowrenski, do you have a business
 8 address?
 9 A Yes. 3301B Route 66 Neptune, New
 Jersey. 07753.
 10 Q What is the name of that business?
 11 A America's First Funding Group.
 12 Q And what is the nature of that
 13 business?
 14 A Mortgage broker.
 15 Q Are you an owner in that company?
 16 A Yes.
 17 Q Is that a corporation or a Subchapter
 18 S?
 19 A Presently -- it was a C Corp. and it
 20 has been transferred to an S Corp.
 21 Q Are you the only shareholder of that?
 22 A Correct.
 23 Q When was this founded?
 24 A August of '99.
 25

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| 7 | 8 Direct examination by Mr. McGowan | 170 |
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| 10 | Skowrenski-1 Sunday Star-Ledger article | 9 |
| 11 | 3-13-97 | |
| 12 | Skowrenski-2 Fourth Amended Complaint | 13 |
| 13 | filed 7-10-09 | |
| 14 | Skowrenski-3 1996 Income Tax return for | 33 |
| 15 | National Home Funding, Inc. | |
| 16 | Skowrenski-4 Document entitled Program, | 115 |
| 17 | "Participant Loan Purchase and | |
| 18 | Sale." | |
| 19 | Skowrenski-5 Document entitled "First | 181 |
| 20 | Mortgage Fee Sheet." | |
| 21 | Skowrenski-6 Document entitled "Request | 182 |
| 22 | for Title to be Ordered." | |
| 23 | Skowrenski-7 Allonge | 184 |
| 24 | Skowrenski-8 Document entitled Assignment | 184 |
| 25 | of Security Interest | |

3
 1 Q Mr. Skowrenski, my name is David Kott,
 2 K-o-t-t. I'm a lawyer and I represent the defendant
 3 Commonwealth Land Title Insurance Company in this
 4 lawsuit.
 5 You're giving a deposition today.
 6 About how many depositions have you given?
 7 A I don't recall.
 8 Q Can you estimate for me?
 9 A A couple.
 10 Q Let me give you some ground rules for
 11 the deposition. If you are asked a question and you
 12 do not understand it, will you tell us?
 13 A Yes.
 14 Q If you answer a question, we will
 15 assume you understood it. That is okay with you?
 16 A Okay.
 17 Q If you're interrupted or cut off in the
 18 middle of one of your answers, will you tell us that
 19 you've been interrupted?
 20 A Yes.
 21 Q So if you answer a question, we'll
 22 assume your answers are full, fair and complete
 23 answers to the question.
 24 That is okay with you?
 25 A Yes.

| | |
|--|--|
| <p>1 weren't a target?</p> <p>2 A No. I received a thank-you letter from</p> <p>3 the U.S. Attorneys at some point.</p> <p>4 Q Where are the letters?</p> <p>5 A With the rest of the documents when I</p> <p>6 thought this case was over. Destroyed.</p> <p>7 Q What do you mean by that? What do you</p> <p>8 mean by that?</p> <p>9 A That the case was over or that this</p> <p>10 issue was over? What do I mean by that?</p> <p>11 Q What do you mean by "destroying</p> <p>12 documents"?</p> <p>13 A I mean that when the FBI returned every</p> <p>14 document to me, I no longer required them. So they</p> <p>15 were shredded.</p> <p>16 Q Why were they shredded?</p> <p>17 A Because they were no longer required.</p> <p>18 Q Hadn't this Walsh lawsuit been filed at</p> <p>19 that point?</p> <p>20 A I don't believe so.</p> <p>21 Q When did the FBI return the documents</p> <p>22 to you, approximately?</p> <p>23 A When?</p> <p>24 Q Yes.</p> <p>25 A Years ago.</p> | <p>26</p> <p>1 MR. MANNING: Don't testify to any</p> <p>2 conversations you may have had with anyone who was</p> <p>3 an attorney representing you.</p> <p>4 Q My question was: Who made the decision</p> <p>5 to shred them? That is, did you make that decision</p> <p>6 or did somebody else?</p> <p>7 A No. I did.</p> <p>8 Q Did you shred all of the documents that</p> <p>9 were returned to you --</p> <p>10 A Yes.</p> <p>11 Q -- by the FBI?</p> <p>12 A Yes.</p> <p>13 Q I'm not going to mark it. I can if</p> <p>14 counsel wants me to.</p> <p>15 Let me show you a letter dated November</p> <p>16 4th from Alain, A-l-a-i-n, Liebman, L-i-e-b-m-a-n,</p> <p>17 Assistant United States Attorney, to Mr. Schottland,</p> <p>18 where he purports to return certain documents. Does</p> <p>19 that refresh your recollection or help -- or help</p> <p>20 you remember when the FBI returned the documents to</p> <p>21 you?</p> <p>22 A The date of that letter?</p> <p>23 MR. MAGNANINI: The date of the letter.</p> <p>24 MR. CALANNI: November 4th.</p> <p>25 Q Hang out for a second.</p> |
| <p>27</p> <p>1 Q Can you be any more specific than that?</p> <p>2 A Three to five years ago. Four to five</p> <p>3 years ago.</p> <p>4 I mean, they've returned stuff a lot</p> <p>5 longer as well. The last documents they</p> <p>6 specifically returned to me with copies of files.</p> <p>7 Q When you said you threw documents</p> <p>8 away -- let's go a little slower. At some point the</p> <p>9 FBI seized a number of documents, correct?</p> <p>10 A Correct.</p> <p>11 Q At some point were those documents</p> <p>12 returned to you or your lawyer?</p> <p>13 A Yes.</p> <p>14 Q About when were they returned?</p> <p>15 A Again, three to five years ago.</p> <p>16 Q What did you do with those documents</p> <p>17 when you got them back?</p> <p>18 A I shredded them after they were -- I</p> <p>19 think they were shredded after the last case you and</p> <p>20 I were involved with.</p> <p>21 Q The case where you sued Coastal and</p> <p>22 Commonwealth?</p> <p>23 A I believe so.</p> <p>24 Q Who made the decision to shred them?</p> <p>25 A Well, it was told to me --</p> | <p>29</p> <p>1 MR. KOTT: I'm handing to Mr. Magnanini</p> <p>2 the November 4, 2002 letter from Federal Prosecutor</p> <p>3 Liebman to Mr. Schottland.</p> <p>4 (Pause.)</p> <p>5 Q Do you currently have any National Home</p> <p>6 Funding documents?</p> <p>7 A No.</p> <p>8 Q Are you aware of any National Home</p> <p>9 Funding documents or copies of any National Home</p> <p>10 Funding documents are?</p> <p>11 A No.</p> <p>12 Q At some point did you reach an</p> <p>13 agreement with the plaintiff that the plaintiffs --</p> <p>14 I'm sorry. Singular.</p> <p>15 At some point did you reach an</p> <p>16 agreement with the plaintiff in this case that the</p> <p>17 plaintiff would drop the lawsuit against you?</p> <p>18 A Yes.</p> <p>19 Q When was that agreement reached?</p> <p>20 A I don't know the exact date. I'd have</p> <p>21 to look at the document.</p> <p>22 Q What document are you referring to?</p> <p>23 A A Settlement Agreement.</p> <p>24 Q When was the last time you looked at</p> <p>25 that document?</p> |

1 A Months ago.
 2 Q Do you still have that document?
 3 A I don't. I have a copy of it now.
 4 Q Where did you get the copy of it?
 5 A From Vince.
 6 Q Mr. Manning?
 7 A Yes.
 8 Q Were you involved, yourself, in the
 9 negotiations of that agreement?
 10 A No.
 11 Q Were you present when any of those
 12 negotiations occurred?
 13 A No.
 14 Q What did you agree to do as part of
 15 that agreement?
 16 A I'm under the impression --.
 17 MR. MANNING: Have you had a ruling yet
 18 from Magistrate Judge Shipp on the availability of
 19 that document?
 20 MR. KOTT: No, we've not.
 21 MR. MAGNANINI: No. It is still under
 22 seal.
 23 MR. MANNING: I don't think you should
 24 go on with that if what he agreed to do was reduced
 25 to that document and the document is not available.

30 1 MR. MANNING: I give you the same
 2 instruction.
 3 MR. KOTT: I have some other questions
 4 along that line, but I don't want to burden the
 5 record with that. I think we know where we are on
 6 that.
 7 Q Mr. Skowrenski --
 8 MR. KOTT: Can you mark this as the
 9 next exhibit?
 10 (Exhibit Skowrenski-3, 1996 Income Tax
 11 return for National Home Funding, Inc., marked for
 12 identification.)
 13 Q I've marked as Skowrenski-3 a U.S.
 14 Income Tax Return for an S Corporation for 1996 for
 15 National Home Funding, Inc., and ask you, Mr.
 16 Skowrenski, if you can identify that document for
 17 us?
 18 A You want me to read what it says?
 19 Q No. Can you tell us what the document
 20 is?
 21 A National Home Funding income tax return
 22 for 1996. Like federal income tax return.
 23 Q On the first page, near the bottom
 24 where it says "Please sign here," there is a
 25 signature. Whose signature is that?

31 1 MR. KOTT: Yes. I would think there
 2 are two separate questions. At least, it would be
 3 my position that there would be two separate issues.
 4 Number one, the ability of us to see
 5 the document and a separate issue whether I can
 6 question the witness on what the settlement was.
 7 So if it is your position that I can't
 8 question him on what the settlement was rather than
 9 what does the document say?
 10 That is your position?
 11 MR. MANNING: I think it is.
 12 MR. KOTT: Why don't I pose the
 13 questions and you can instruct him not to answer?
 14 There won't be many.
 15 Q Can you tell me what the agreement was
 16 you reached with the plaintiffs in connection with
 17 the plaintiff agreeing to dismiss the case --
 18 MR. MANNING: I am going to instruct --
 19 Q -- dismiss the case against you?
 20 MR. MANNING: I instruct you not
 21 answer, Mr. Skowrenski, until the issues relating to
 22 that document have been resolved.
 23 Q Can you tell me whether you agreed to
 24 give testimony or not give any testimony in this
 25 case concerning the case as part of that agreement?

33 1 A It says "Robert Fine."
 2 Q Was that the person who prepared it for
 3 you. Do you know?
 4 A I have no idea.
 5 Q I call your attention to --
 6 MR. MAGNANINI: David, do you have a
 7 copy of that?
 8 MR. KOTT: No. Do you want to see it?
 9 MR. HAYES: Which year?
 10 MR. KOTT: '96.
 11 (Document handed to Mr. Magnanini.)
 12 (Pause.)
 13 Q Mr. Skowrenski, when your accountants
 14 would prepare the returns for National Home Funding,
 15 would you sign them?
 16 A I believe so.
 17 Q With respect to Statement 1, page 1 of
 18 Statement 1. See, it lists some columns, the first
 19 of which is "Amortization" and it is "\$1,190."
 20 A Yes.
 21 Q The next one is "Commissions,
 22 \$915,083."
 23 Do you see that?
 24 A Yes.
 25 Q What is that for, those commissions?

9 (Pages 30 to 33)

| | | | |
|----|--|----|--|
| | 90 | | 92 |
| 1 | Q How about with an agent named Irene | 1 | necessary, regardless of the scope of the |
| 2 | DiFeo? | 2 | redactions, and he would decide if an issue arose |
| 3 | A No. | 3 | whether they were overbroad or not; that he was |
| 4 | Q Were you aware that Mrs. Pepsny and Ms. | 4 | going to permit witnesses to be questioned about the |
| 5 | DiFeo were prosecuted by the Federal Prosecutor and | 5 | negotiations and the terms of the settlement. |
| 6 | went to trial? | 6 | Again, unfortunately, with there being |
| 7 | A Am I aware today? Yes. | 7 | no transcript, it is all of your recollection. |
| 8 | Q How did you become aware of that? | 8 | That is my recollection of where he |
| 9 | A Newspaper. | 9 | ended up on the issue. |
| 10 | Q Did you give any information to any law | 10 | MS. WAGNER: I don't recall him making |
| 11 | enforcement people with respect to either Ms. Pepsny | 11 | a specific ruling on it. I don't know, unless he |
| 12 | or Ms. DiFeo? | 12 | was actually looking at it, whether he could rule on |
| 13 | A No. I couldn't have because I didn't | 13 | whether or not there was a confidential provision in |
| 14 | know them. | 14 | there that was precluding testimony about |
| 15 | MR. KOTT: Can we go off the record? | 15 | negotiations or the content of the Settlement |
| 16 | (Discussion off the record.) | 16 | Agreement. |
| 17 | MR. KOTT: Let's go back on the record. | 17 | MR. KOTT: This is my issue, if I can |
| 18 | BY MR. KOTT: | 18 | use the word "issue." I'm going to assume there is |
| 19 | Q With respect to -- I'm addressing this | 19 | a confidentiality provision because you represented |
| 20 | to counsel and not to you. You just -- | 20 | that to the Court. |
| 21 | A Shut up? | 21 | My issue is I don't think that means |
| 22 | MR. KOTT: I won't use the word shut | 22 | under the Federal Rules of Civil Procedure I can't |
| 23 | up. | 23 | ask this witness about it. That is, I don't think |
| 24 | MR. HAYES: Unless you wish to object. | 24 | because two parties to a lawsuit, between and among |
| 25 | MR. KOTT: With respect to the | 25 | themselves, decide something is confidential means |

| | | | |
|----|---|----|--|
| | 91 | | 93 |
| 1 | settlement, I interpreted what Judge Shipp said in | 1 | that it is not discoverable under the Federal Rules |
| 2 | our phone conference, which was not on the record, | 2 | of Civil Procedure or it is covered by any |
| 3 | but I interpreted what he said was we could not use | 3 | privilege. That is my issue. |
| 4 | the written Settlement Agreement but that we could | 4 | Just like if Mr. McGowan and I were to |
| 5 | inquire as to what the terms of the settlement was. | 5 | reach some agreement that something would be |
| 6 | Either you have a different recollection as to | 6 | confidential, I don't think, therefore, my Rule |
| 7 | that -- | 7 | 30(b)(6) or his Rule 30(b)(6) could say: No, I have |
| 8 | MR. MANNING: I don't have a | 8 | an agreement; it's going to be confidential. |
| 9 | recollection of that, in that way. That could be a | 9 | That is what I'm struggling with. |
| 10 | failure of my recollection. | 10 | MS. WAGNER: I think we disagree about |
| 11 | MS. WAGNER: My understanding, in | 11 | that. Isn't that something that would have to be |
| 12 | accordance with whenever the Order gets entered, | 12 | raised with the Court? |
| 13 | within a certain number of days to provide you with | 13 | MR. KOTT: What would be the legal |
| 14 | a redacted copy of the Settlement Agreement and | 14 | basis? |
| 15 | provide the Court with an unredacted copy. | 15 | MS. WAGNER: Courts routinely favor |
| 16 | MR. HAYES: I agree. That is clearly | 16 | settlement. They encourage parties to enter into |
| 17 | what he said. | 17 | settlements. |
| 18 | We also raised a separate issue of the | 18 | Unless it is a document that is |
| 19 | scope of the inquiry could be made of witnesses | 19 | actually filed and approved by the Court, it is |
| 20 | separate and apart from the document. | 20 | generally deemed to be confidential or courts have |
| 21 | My recollection -- it was in response | 21 | upheld the confidentiality of settlement agreements. |
| 22 | to some of the statements I made -- was that the | 22 | MR. KOTT: Third parties to -- |
| 23 | judge said that he was of the opinion that the | 23 | outsiders to the litigation. Not to parties to the |
| 24 | substance of the settlement could be inquired about | 24 | litigation. But -- is the instruction -- addressed |
| 25 | without the document, itself. The document was not | 25 | to you -- instruction not to answer continue in the |

24 (Pages 90 to 93)

1 light of the way I've parsed this out? That is, the
2 difference between what was agreed to and what the
3 Settlement Agreement states?

4 MR. MANNING: Yes. Because I would
5 rather have the witness answers these questions or
6 not after a ruling by Judge Shipp due to terms that
7 I'm aware of in that Settlement Agreement that I
8 think require a ruling by Judge Shipp.

9 MR. HAYES: Is the concern there could
10 be financial ramifications to your client?

11 MR. MANNING: I don't think I can
12 answer that without the Settlement Agreement being
13 something that we can talk about.

14 MR. KOTT: Meaning that alone would be
15 confidential.

16 MR. MANNING: Yes.

17 BY MR. KOTT:

18 Q Let me try another question to you, Mr.
19 Skowrenski.

20 So far as you know, is any settlement
21 you reached with the plaintiff a secret between you
22 and Walsh Securities?

23 A I don't have an opinion on that.

24 Q I'm asking so far as you know.

25 MR. MANNING: I have to object. The

94
1 MR. MANNING: He may need legal advice.
2 MR. KOTT: If he does believe that, he
3 can tell me that.

4 MR. MANNING: Okay.
5 BY MR. KOTT:

6 Q Sir, my question is this:
7 Mr. Skowrenski, so far as you know, is
8 the settlement that you have reached with the
9 plaintiff, which led to the dismissal of the
10 Complaint against you by the plaintiff,
11 confidential?

12 A I would need a legal opinion on that.

13 MR. KOTT: Could we break for lunch?
14 MR. MANNING: Certainly.
15 (Luncheon recess.)

95
1 witness' understanding of the ramifications or
2 the --

3 MR. KOTT: He could have signed it.
4 MR. MANNING: Correct.

5 The Confidentiality Agreement goes to
6 really legal issues that I don't think he's
7 competent to answer.

8 Is he aware he entered into a
9 settlement?

10 Yes.

11 Is he aware that the Fourth amended
12 Complaint was dismissed?

13 Yes.

14 MR. KOTT: My next and probably my last
15 question on this is: Is it his understanding that
16 the settlement he reached with the plaintiff is
17 confidential between him and the plaintiff and
18 cannot be disclosed to third parties?

19 MR. MANNING: Well, whether he believes
20 that or not, his personal opinion doesn't affect
21 whether it is or not.

22 MR. KOTT: He's the party to the
23 Settlement Agreement.

24 MR. MANNING: Right.

25 MR. KOTT: If he doesn't --

96
1 A F T E R N O O N S E S S I O N

2
3 R O B E R T W. S K O W R E N S K I, resumed
4 D I R E C T E X A M I N A T I O N

5 B Y M R. C A L A N N I:

6 Q I thought of questions that Mr. Kott
7 had asked and it is in line. But the one question I
8 do want to ask you is you did mention several times
9 in your deposition that you introduced me to Bill
10 Kane because you were giving me work. You were
11 hoping to give me more work in my profession and we
12 did work prior, National Home Funding, and basically
13 it was a favor. Is that true?

14 A Yes.

15 Q Okay. At any point in your mind did
16 you think that you were hooking me up with Bill Kane
17 because the three of us were conspiring to defraud
18 Walsh Securities?

19 A Absolutely not.

20 M R. C A L A N N I: That's all I need to ask.
21 Thank you, Robert.

22 Everyone else, have a good day.

23 M R. M A N N I N G: Thank you, Mr. Calanni.
(Mr. Calanni leaves the room.)

24 M R. K O T T: I yield to Mr. Hayes.

25 (Pages 94 to 97)

| | |
|---|---|
| <p>1 A No.</p> <p>2 Q Did Mr. D'Apolito tell you whether</p> <p>3 Elizabeth DiMola was involved in setting up the</p> <p>4 meeting?</p> <p>5 A I'm not sure. I don't recall.</p> <p>6 Q In the Fourth Amended Complaint there</p> <p>7 is an allegation on pages 15 and 16 that reads as</p> <p>8 follows: Quote: D'Apolito received these mortgage</p> <p>9 loan applications from NHF and transmitted or caused</p> <p>10 them to be transmitted to his employer, Walsh</p> <p>11 Securities, to induce Walsh Securities to finance</p> <p>12 the mortgage loans. In exchange for transmitting or</p> <p>13 causing to transmit the applications to Walsh</p> <p>14 Securities, D'Apolito, through DAP Consulting,</p> <p>15 received cash payments totaling at least \$90,000</p> <p>16 from Kane, through Cristo Property, and received</p> <p>17 cash payments in excess of \$10,000 from Skowrenski</p> <p>18 through NHF. These payments were designed to and</p> <p>19 did corrupt D'Apolito, place him in a conflict of</p> <p>20 interest, cause his loyalties to be divided, and</p> <p>21 cause him to breach his obligations to Walsh</p> <p>22 Securities. The payments from NHF and Cristo</p> <p>23 Property to D'Apolito were unknown by, and not</p> <p>24 disclosed to, Walsh Securities, which was misled</p> <p>25 into believing that D'Apolito was acting as a</p> | <p>210</p> <p>1 involved in these frauds, right?</p> <p>2 A Correct.</p> <p>3 Q So Walsh for some period of time</p> <p>4 believed you were involved in the fraud and so</p> <p>5 stated in the pleadings that they filed, correct?</p> <p>6 A Okay. Yes.</p> <p>7 Q At some point Walsh agreed to settle</p> <p>8 the case and dismiss the Complaint against you, is</p> <p>9 that correct?</p> <p>10 A Correct.</p> <p>11 Q Do you know why it was that Walsh</p> <p>12 agreed to settle the case and dismiss the Complaint</p> <p>13 against you?</p> <p>14 A I can just speculate that --</p> <p>15 MR. MANNING: Don't speculate.</p> <p>16 A No. I don't know.</p> <p>17 Q So far as you know, they filed these</p> <p>18 Complaints, alleged very serious allegations against</p> <p>19 you and then, without ever hearing your side of the</p> <p>20 story, on their own they decided to dismiss this</p> <p>21 case; is that what you're saying to me?</p> <p>22 A Yes.</p> <p>23 Q What did your dad do?</p> <p>24 A My dad? He was a Wall Streeter.</p> <p>25 Q What do you mean by that?</p> |
| <p>211</p> <p>1 faithful employee."</p> <p>2 That paragraph, I will tell you, was in *</p> <p>3 the original Complaint and in the First, Second and</p> <p>4 Third Amended Complaints as well in this case. Does</p> <p>5 that sound familiar to you when you had read one of</p> <p>6 the earlier Complaints?</p> <p>7 A Yes.</p> <p>8 Q My first question to you is: Do you</p> <p>9 know why Walsh made the decision to dismiss you from</p> <p>10 this lawsuit?</p> <p>11 MR. MANNING: I object -- wait a</p> <p>12 minute. Does he know why Walsh --</p> <p>13 MR. KOTT: Yes.</p> <p>14 MR. MANNING: Withdraw my objection.</p> <p>15 A I believe because of our settlement.</p> <p>16 Q Walsh had made some very serious</p> <p>17 allegations against you, is that correct?</p> <p>18 A I definitely agree.</p> <p>19 Q You have not given a deposition in this</p> <p>20 case, is that correct? This is your first</p> <p>21 deposition in this case?</p> <p>22 A Yes.</p> <p>23 Q You told us earlier you never have</p> <p>24 spoken with Walsh Securities lawyers or given a</p> <p>25 statement with respect to whether or not you were</p> | <p>213</p> <p>1 A He worked for a Wall Street firm.</p> <p>2 Q What did he do for the firm? Meaning</p> <p>3 did he sweep the --</p> <p>4 A No. He traded -- he was, I believe,</p> <p>5 like head of -- he traded their equities in and out</p> <p>6 of the market.</p> <p>7 Q Which firm was he with?</p> <p>8 A He retired from Commerce Bank.</p> <p>9 Q When you got into the mortgage</p> <p>10 business, did you discuss your business with him as</p> <p>11 a father and son would do?</p> <p>12 A Yes.</p> <p>13 Q Was he one of your advisors?</p> <p>14 Informally, I'm talking about.</p> <p>15 A Very informally.</p> <p>16 Q Was he a very sophisticated person so</p> <p>17 far as business was concerned?</p> <p>18 A I wouldn't say that. No.</p> <p>19 Q He's a trader for European Bank and</p> <p>20 you're saying he's not very sophisticated?</p> <p>21 A I'm saying he doesn't have a college</p> <p>22 degree.</p> <p>23 Q I didn't ask you that. You could be</p> <p>24 sophisticated without a college degree, correct?</p> <p>25 A I would call him sophisticated in the</p> |

54 (Pages 210 to 213)

| | | |
|----|---|--|
| | 230 | 232 |
| 1 | A I might have. | 1 Q Do you recall when you got the mass |
| 2 | Q Do you know when he would have worn the | 2 group of assignments to execute from Mr. Schottland |
| 3 | wire? | 3 who notarized those? Would Ms. DiNonno still have |
| 4 | A No. | 4 been in your employ at that time? |
| 5 | Q Would it have been before the frauds | 5 A I think it was someone in this office. |
| 6 | became public? | 6 Q Someone had made an allegation after |
| 7 | A I have no idea. | 7 Mr. DiNonno had his issues and was no longer a |
| 8 | Q Was there an occasion in which National | 8 quote, unquote, partner of yours in the mortgage |
| 9 | Home Funding sued Commonwealth Title and Coastal? | 9 business that his money remained in the business and |
| 10 | A Yes. | 10 that his sister-in-law remained in your employ |
| 11 | Q Why did National Home Funding sue them? | 11 because she was his eyes. Have you ever heard that |
| 12 | A You'd have to let me read the | 12 allegation before, that he required you to keep her |
| 13 | Complaint. I couldn't add upon it right now. | 13 on because his money was still there? |
| 14 | Q Do you have any idea why today? | 14 A No. |
| 15 | A Yeah. Something to do with the | 15 MR. HAYES: Okay. That's it. |
| 16 | recording of the policies and the transactions of | 16 Thank you, sir. Appreciate your time. |
| 17 | the deed, I believe, and the fact that there should | 17 MR. KOTT: Off the record. |
| 18 | have been red flags and notifications to NHF as the | 18 (Discussion off the record.) |
| 19 | lender for that minute. I think it had something to | 19 MR. KOTT: On the record. |
| 20 | do with a violation of their responsibility to NHF. | 20 Counsel have agreed that I will be the |
| 21 | Q Did you enter into a settlement with | 21 custodian of the original exhibits from today but I |
| 22 | them? | 22 will send copies to Mr. Manning, Ms. Wagner, Mr. |
| 23 | A Yes. | 23 Hayes and Mr. McGowan. |
| 24 | Q What was the terms of that settlement? | 24 The second thing. We've had a |
| 25 | A I believe monetary. | 25 discussion off the record and Mr. Hayes and I have |
| | 231 | 233 |
| 1 | Q Do you remember how much? | 1 told counsel, both Mr. Manning and Ms. Walker, that |
| 2 | A I think Commonwealth was approximately | 2 we have no further questions for this witness today |
| 3 | 50,000 and I think Coastal was approximately | 3 but we're not concluding the deposition; that |
| 4 | 275,000. | 4 subject to the rules of the Court concerning whether |
| 5 | Q Do you recall why you settled as | 5 or not issues concerning the settlement between Mr. |
| 6 | opposed to going to trial? | 6 Skowrenski and National Home Funding and Walsh |
| 7 | A I believe there was a mediation | 7 Securities are discoverable. Meaning if the court |
| 8 | process. | 8 says we can inquire into that, we will be coming |
| 9 | Q It settled during the course of | 9 back a second time to inquire into that. |
| 10 | mediation? | 10 (Deposition concluded at 4:32 p.m.) |
| 11 | A I think it settled after that. The | 11 (Exhibits retained by Mr. Kott.) |
| 12 | mediator comes in, talks to both sides. He actually | 12 - - - |
| 13 | put a value on it. What he thought or something | 13 |
| 14 | like that. | 14 |
| 15 | Q Do you recall if Commonwealth or | 15 |
| 16 | Coastal admitted to any wrongdoing? | 16 |
| 17 | A I don't believe so. I don't recall | 17 |
| 18 | specifically the agreement. | 18 |
| 19 | MS. WAGNER: No further questions. | 19 |
| 20 | MR. KOTT: No questions. | 20 |
| 21 | DIRECT EXAMINATION (Continuing) | 21 |
| 22 | BY MR. HAYES: | 22 |
| 23 | Q Mr. Skowrenski, the assignment that you | 23 |
| 24 | have in front of you was notarized by Ms. DeMola? | 24 |
| 25 | A Yes. | 25 |

59 (Pages 230 to 233)

EXHIBIT C

MICHAEL ALFIERI

Page 1

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY
Civil Action No.
97-cv-3496 (DRD) (MAS)

WALSH SECURITIES, INC. :
: Plaintiff, :
: :
: vs. : DEPOSITION OF:
: : MICHAEL ALFIERI

CRISTO PROPERTY MANAGEMENT,
LTD., a/k/a G.J.L. LIMITED;
OAKWOOD PROPERTIES, INC.;
NATIONAL HOME FUNDING, INC.;
CAPITAL ASSETS PROPERTY
MANAGEMENT & INVESTMENT CO.,
INC.; CAPITAL ASSETS PROPERTY
MANAGEMENT, L.L.C.; WILLIAM
KANE; GARY GRIESER; ROBERT
SKOWRENSKI, II; RICHARD CALANNI;
RICHARD DIBENEDETTO; JAMES R.
BROWN; THOMAS BRODO; ROLAND
PIERSON; STANLEY YACKER, ESQ.;
~~MICHAEL ALFIERI, ESQ.~~; RICHARD
PEPSNY, ESQ.; ANTHONY M.
CICALESE, ESQ.; LAWRENCE CUZZI;
ANTHONY D'APOLITO; DAP CONSULTING,
INC.; COMMONWEALTH LAND TITLE
INSURANCE CO.; NATIONS TITLE
INSURANCE OF NEW YORK, INC.;
FIDELITY NATIONAL TITLE
INSURANCE CO. OF NEW YORK;
COASTAL TITLE AGENCY; DONNA
PEPSNY; WEICHERT REALTORS; and
VECCHIO REALTY, INC., D/B/A
MURPHY REALTY BETTER HOMES
And GARDENS

Defendants

MICHAEL ALFIERI

| | |
|---|--|
| <p>1 TRANSCRIPT of the stenographic notes of 2 the proceedings in the above-entitled matter, as 3 taken by and before JANET BAILYN, a Certified 4 Shorthand Reporter and Notary Public of the State of 5 New Jersey, held at the office of STONE & MAGNANINI, 6 150 John F. Kennedy Parkway, Short Hills, New Jersey, 7 on June 2, 2010, commencing at 10:11 in the forenoon.</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> | <p>Page 2</p> <p>1</p> <p>2 INDEX</p> <p>3</p> <p>4 WITNESS DIRECT CROSS REDIRECT RECROSS</p> <p>5 MICHAEL ALFIERI</p> <p>6 BY MR. JASO 5</p> <p>7 BY MR. KOTT 86</p> <p>8</p> <p>9 E X H I B I T S</p> <p>10 NUMBER DESCRIPTION PAGE</p> <p>11 Alfieri-1 Notice of Deposition 10</p> <p>12 Alfieri-2 New Vision Title Agency Website 59</p> <p>13 Alfieri-3 Group of Documents 63</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> |
| <p>1 APPEARANCES:</p> <p>2</p> <p>3 STONE & MAGNANINI, LLP</p> <p>4 BY: ERIC H. JASO, ESQ.</p> <p>5 JEFFREY A. SHOOMAN, ESQ.</p> <p>6 AMY WALKER WAGNER, ESQ.</p> <p>7 150 John F. Kennedy Parkway</p> <p>8 Short Hills, New Jersey 07078</p> <p>9 Attorneys for Plaintiff</p> <p>10 McCARTER & ENGLISH, LLP</p> <p>11 BY: DAVID R. KOTT, ESQ.</p> <p>12 Four Gateway Center</p> <p>13 100 Mulberry Street</p> <p>14 Newark, New Jersey 07102-4056</p> <p>15 Attorneys for Defendant</p> <p>16 Commonwealth Land Title Insurance Co.</p> <p>17 HOBBIE, CORRIGAN, BERTUCIO</p> <p>18 & TASHUY,</p> <p>19 P.C. BY: EDWARD BERTUCIO, ESQ.</p> <p>20 125 Wyckoff Road</p> <p>21 Eatontown, New Jersey 07724</p> <p>22 Attorneys for Michael Alfieri</p> <p>23</p> <p>24</p> <p>25</p> | <p>Page 3</p> <p>1 M I C H A E L A L F I E R I, residing at 431</p> <p>2 Princeton Avenue, Brick, New Jersey, having been duly</p> <p>3 sworn by the Notary, testified as follows:</p> <p>4 DIRECT EXAMINATION BY MR. JASO:</p> <p>5 MR. KOTT: I spoke with Martin McGowan</p> <p>6 yesterday of the Methfessel law firm who represents</p> <p>7 Coastal, and he told me he was not coming this</p> <p>8 morning. I also received an e-mail from Edward Hayes</p> <p>9 of the Fox Rothschild law firm, the attorney for two</p> <p>10 of the title insurance companies, and he told me he</p> <p>11 was not coming. As to whether they want copies of</p> <p>12 the transcripts, I don't know that. I'll leave that</p> <p>13 to the court reporter to check with their offices.</p> <p>14 My guess is they do but they didn't tell me that.</p> <p>15 Q. Mr. Alfieri, my name is Eric Jaso,</p> <p>16 J-a-s-o. I'm counsel to Stone & Magnanini. We</p> <p>17 represent Walsh Securities in this matter. With me</p> <p>18 is Amy Wagner and Jeff Shooman. And for the record</p> <p>19 your attorney is here, Mr. Bertucio.</p> <p>20 MR. BERTUCIO: Bertucio.</p> <p>21 Q. Have you ever been deposed before, sir?</p> <p>22 A. Yes.</p> <p>23 Q. How many times?</p> <p>24 A. Two or three.</p> <p>25 Q. In a civil case like this?</p> |

2 (Pages 2 - 5)

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MICHAEL ALFIERI

| Page 10 | Page 12 |
|--|---|
| 1 this lawsuit. Is that correct? | 1 Q. And did you take the bar shortly after |
| 2 A. Yes. | 2 that? |
| 3 Q. And what was the resolution of that? | 3 A. I did. |
| 4 A. We were dismissed -- we are trying to | 4 Q. Here in New Jersey? |
| 5 get dismissed from the case, but there is no final | 5 A. And Pennsylvania. |
| 6 resolution yet. | 6 Q. And are you still a member of both bars? |
| 7 Q. Was there not a settlement between Walsh | 7 A. Yes. |
| 8 and you? | 8 Q. Ever have any problems with the bar, |
| 9 A. There was a settlement between Walsh and | 9 licensing, anything like that, lapses? |
| 10 us, correct, my firm, yes. | 10 A. No. |
| 11 MR. JASO: Let me just mark for the | 11 Q. So you graduated law school in '89. |
| 12 record as Alfieri Exhibit One a Notice of Deposition. | 12 What did you -- did you have any employment before |
| 13 (Alfieri-1, Notice of Deposition, is | 13 law school? Did you have a job between college and |
| 14 received and marked for identification.) | 14 law school, anything like that? |
| 15 Q. Do you recognize that document? | 15 A. I always worked full time even when I |
| 16 A. I do. | 16 was in law school. |
| 17 Q. And that's the document pursuant to | 17 Q. What did you do? |
| 18 which you are testifying here today? | 18 A. I worked at a supermarket. |
| 19 A. Yes. | 19 Q. Here in New Jersey? |
| 20 Q. I realize that the document does not | 20 A. Yes. |
| 21 have a request attached to it, but did you bring any | 21 Q. Are you from New Jersey originally? |
| 22 documents with you here today? | 22 A. Yes. |
| 23 A. I brought my attorney's letter saying | 23 Q. What part? |
| 24 that the deposition is today. | 24 A. Central. |
| 25 Q. But nothing to produce to the plaintiff | 25 Q. So after graduating law school and |
| Page 11 | Page 13 |
| 1 today? | 1 passing the bar -- let me ask you this: Did you have |
| 2 A. No. | 2 any legal jobs during law school? |
| 3 Q. Now, did you meet with counsel to | 3 A. No. |
| 4 prepare for this deposition? | 4 Q. After you passed the bar or even before |
| 5 A. We spoke briefly on my way up. | 5 you passed the bar, what job did you have? |
| 6 Q. On the telephone? | 6 A. I worked full time at a supermarket and |
| 7 A. Yes. | 7 paid my way through law school, and I was married at |
| 8 Q. Did you review any documents besides the | 8 the time as well so I supported my family. |
| 9 letter you referenced in preparation for today's | 9 Q. Still married? |
| 10 deposition? | 10 A. I am. |
| 11 A. No, sir. | 11 Q. Children? |
| 12 Q. Did you have any conversations with | 12 A. Yes. |
| 13 anyone besides your attorney about this deposition? | 13 Q. How many? |
| 14 A. No. | 14 A. Three. |
| 15 Q. And how long did you speak to your | 15 Q. Grown up now? |
| 16 attorney today on the telephone? | 16 A. Yes. |
| 17 A. Four minutes. | 17 Q. What was your first job after passing |
| 18 Q. He's going to charge you for 15. Very | 18 the bar, not the supermarket but as you began your |
| 19 good. Let's go back to your educational background. | 19 legal career? |
| 20 Starting with college. Could you tell me where you | 20 A. I started as a lawyer with my brother |
| 21 went to college and when you graduated? | 21 Sal Alfieri, worked with him for six months and then |
| 22 A. Seton Hall undergraduate. I took | 22 opened my own firm. |
| 23 courses at Kean College at the time because I was | 23 Q. And did Sal -- may I call him Sal? Did |
| 24 working full time and I went to Touro Law School in | 24 Sal have his own law firm. Is that how that worked? |
| 25 New York and I graduated in '89. | 25 A. He did. |

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| <p style="text-align: right;">Page 118</p> <p>1 over this case. Okay? All over this case meaning 2 what?</p> <p>3 Q. That's what they pay me for.</p> <p>4 A. I just don't want to mischaracterize. 5 Did he represent him in buy and sells? Yes.</p> <p>6 Q. And he represented Mr. Kane and his 7 companies in connection with borrowings?</p> <p>8 A. Which is not uncommon.</p> <p>9 Q. His wife was a realtor on some of the 10 transactions that Mr. Kane was involved in. Is that 11 correct?</p> <p>12 A. I believe so but that's -- again, I 13 don't know for sure. You would have to ask Rick and 14 Donna that question.</p> <p>15 Q. But you believe that to be the case. 16 Right?</p> <p>17 A. I believe that to be the case, but I am 18 not positive on which transactions she was involved 19 in.</p> <p>20 Q. He was affiliated in the practice of law 21 with you. Correct?</p> <p>22 A. Yes.</p> <p>23 Q. And you owned an interest in Selective. 24 Correct?</p> <p>25 A. Yes.</p> | <p style="text-align: right;">Page 120</p> <p>1 wife was convicted in the first trial? 2 A. No, he was gone by that time.</p> <p>3 Q. Did you -- withdrawn. You were named as 4 a defendant by Walsh Securities in the original 5 complaint and a number of other complaints. Correct?</p> <p>6 A. The original complaint and I think the 7 amended complaint.</p> <p>8 Q. At some point did Walsh Securities 9 dismiss its complaint against you?</p> <p>10 A. It did.</p> <p>11 Q. Was that part of a settlement you 12 reached with Walsh Securities?</p> <p>13 A. And my E&O insurance.</p> <p>14 Q. And by E&O insurance you're referring to 15 your legal malpractice carrier?</p> <p>16 A. Correct.</p> <p>17 Q. Was there any more to your settlement 18 with Walsh other than you paid them money and they 19 gave you a release, any other agreements as part of 20 the settlement?</p> <p>21 MR. BERTUCIO: Let me just intervene 22 here. There was a confidentiality agreement, so I 23 don't know where you stand with regard to him 24 answering these questions now. I don't have an 25 objection to Mr. Alfieri answering the question at</p> |
| <p style="text-align: right;">Page 119</p> <p>1 Q. And Selective loaned money to Mr. Kane. 2 Correct?</p> <p>3 A. Again, I don't remember that 4 transaction.</p> <p>5 Q. But based on the documents?</p> <p>6 A. It looks like there was a mortgage, yes.</p> <p>7 Q. Did you know -- a woman's name here, she 8 was legal secretary or a paralegal to Stanley Yacker, 9 her name was Lorraine King?</p> <p>10 A. I don't recall her.</p> <p>11 Q. Do you know Stanley Yacker?</p> <p>12 A. I -- he was in Matawan so I knew he was 13 a local attorney.</p> <p>14 Q. Had you done other transactions where he 15 was on the other side?</p> <p>16 A. I think I was involved with one or two 17 transactions with him but very limited.</p> <p>18 Q. What is Mr. Pepsny doing now?</p> <p>19 A. Practicing law.</p> <p>20 Q. Mostly residential?</p> <p>21 A. Based on my most recent conversation 22 with him he's doing residential real estate. He's 23 doing some bankruptcy work, he has -- he's running a 24 firm on his own.</p> <p>25 Q. Was he still working with you when his</p> | <p style="text-align: right;">Page 121</p> <p>1 all because I don't think it impacts anything.</p> <p>2 MR. JASO: Well, obviously we would want 3 to enforce the confidentiality agreement vis-a-vis 4 that settlement agreement. I think I understand what 5 you're getting at, whether there was some other 6 things being agreed to besides just a fee settlement.</p> <p>7 Can we have a minute to consult with Mr. Magnanini if 8 he is available?</p> <p>9 MR. KOTT: Of course.</p> <p>10 (A recess takes place.)</p> <p>11 (The pending question is read by the 12 court reporter.)</p> <p>13 MR. JASO: I will object to that 14 question as to form. I will say that there is, as 15 counsel indicated, a confidentiality agreement that 16 Walsh Securities considers enforceable and -- 17 however, I will state our view that this particular 18 question since it's asking in my view what is not in 19 the agreement would not violate -- the answer to that 20 question is not going to violate the confidentiality 21 agreement as we view it, but that any further 22 questions with regard to the substance of what is in 23 the agreement may violate the confidentiality 24 agreement. So with that, that's what I have to say 25 about that.</p> |

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| <p style="text-align: right;">Page 122</p> <p>1 MR. BERTUCIO: My position is there's a 2 confidentiality agreement so I'm going to instruct 3 the client to abide by that. I have a slightly 4 different view as to one aspect of the agreement and 5 whether that aspect is truly confidential or not that 6 Magnanini & Stone have, but for purposes of this 7 deposition just to keep it simple I'm going to 8 instruct him not to answer any questions, 9 Mr. Alfieri, involving the actual terms of the 10 agreement or the particulars of the settlement. 11 If you want to ask him questions, the 12 answers to which I anticipate are going to say, 13 that's not in the agreement, that obviously is not 14 confidential I submit. I would want to know what 15 counsel's position would be as to that so that we're 16 at least in agreement as to that before he answers 17 the question. It is Mr. Alfieri's intention to abide 18 by the confidentiality agreement.</p> <p>19 MR. KOTT: I am not following whatever 20 it is -- you're instructing him not to answer the 21 pending question?</p> <p>22 MR. BERTUCIO: No. The pending 23 question, you can ask that, but going forward I am 24 going to anticipate you asking other questions.</p> <p>25 MR. JASO: I agree with your</p> | <p style="text-align: right;">Page 124</p> <p>1 Q. Can you tell me whether as part of the 2 settlement you agreed to cooperate with Walsh 3 directly or indirectly in any way, shape or form?</p> <p>4 A. No.</p> <p>5 MR. JASO: Can I just interject.</p> <p>6 Obviously the question has been answered, but since 7 the preface of your question is: Can you tell me, 8 the answer no, I'm not sure --</p> <p>9 MR. KOTT: Fair enough.</p> <p>10 MR. JASO: Maybe you want to reask it.</p> <p>11 Q. As part of the settlement did you agree 12 directly or indirectly to give any testimony or to 13 cooperate with Walsh in any way?</p> <p>14 A. I haven't read the agreement in a long 15 time but not to my recollection.</p> <p>16 Q. Who are the signatories to the 17 agreement? And what I'm asking: Is Robert Walsh 18 personally a signatory?</p> <p>19 A. I don't remember. I think it was our 20 attorney but I'm not sure.</p> <p>21 Q. Did you receive a release, that is, a 22 written release as part of the settlement?</p> <p>23 A. I don't recall.</p> <p>24 Q. If you had received a written release 25 would your attorney have a copy as well as you?</p> |
| <p style="text-align: right;">Page 123</p> <p>1 characterization.</p> <p>2 MR. BERTUCIO: We will go question by 3 question, Michael, so delay a moment before you 4 answer.</p> <p>5 A. Okay. What was the question?</p> <p>6 Q. Are there any other terms other than the 7 payment of the money?</p> <p>8 A. Yes.</p> <p>9 Q. What are the other terms?</p> <p>10 MR. BERTUCIO: Object to that on 11 confidentiality and instruct him not to answer.</p> <p>12 Q. Can you tell me how much was paid by you 13 or on your behalf as part of the settlement with 14 Walsh?</p> <p>15 MR. BERTUCIO: Object to the question. 16 Same reason, confidentiality.</p> <p>17 Q. Can you tell me whether as part of the 18 settlement you gave either a recorded or written or 19 some other type of statement to Walsh or its 20 attorneys?</p> <p>21 A. Not that I recall.</p> <p>22 Q. Can you tell me whether as part of the 23 settlement you agreed to give any particular type of 24 testimony?</p> <p>25 A. No.</p> | <p style="text-align: right;">Page 125</p> <p>1 A. Yes.</p> <p>2 MR. BERTUCIO: Just for purposes of the 3 record, if you make a request of that from either me 4 or Mr. Magnanini, that might be part of the 5 confidentiality also.</p> <p>6 MR. KOTT: I understand that.</p> <p>7 Q. Was Mr. Pepsny a part of your settlement 8 agreement with the plaintiff, meaning whatever -- was 9 he a party to that agreement?</p> <p>10 A. The agreement was with our E&O carrier 11 who I understand represented more than just myself 12 and Rick, and I think it was more of a global 13 agreement.</p> <p>14 Q. So whatever agreement you reached with 15 the plaintiff, that also went to the benefit of Mr. 16 Pepsny. Is that true?</p> <p>17 MR. JASO: Object to form.</p> <p>18 A. That's my understanding.</p> <p>19 Q. Were you personally involved in 20 negotiating the settlement?</p> <p>21 A. I spoke to my attorney about it.</p> <p>22 Q. Putting that aside. I wasn't asking 23 that. Were you in the room when any of the terms 24 were being negotiated?</p> <p>25 A. No.</p> |

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| 1 Q. Do you know why Walsh entered into the 2 settlement with you? | 1 MR. JASO: Objection to form. You can 2 answer. |
| 3 MR. BERTUCIO: I'm going to object on 4 that one. I'll object on that one on 5 confidentiality. Also attorney/client privilege too. | 3 A. I am sure there were arguments made by 4 my attorney that were compelling. |
| 6 The only way he would know anything is talking to me. | 5 Q. How do you know that? |
| 7 Q. Let me rephrase the question. Putting 8 aside your conversations with your lawyer, which I am 9 not asking about, do you know why Walsh entered into 10 the settlement agreement with you? | 6 A. Because they're good attorneys. |
| 11 A. I would like to think because they 12 realized they have no claim against me. | 7 Q. I would stipulate they're good 8 attorneys. But how do you know that they made 9 arguments? |
| 13 Q. And what's your basis for that? Putting 14 aside what you talked with your attorney about. 15 Where do you get that from? If you get it from your 16 attorney don't tell me. | 10 A. You're asking me -- I wasn't involved in 11 the conversation. You're asking me generally why did 12 they let me out? I am telling you why I think they 13 let me out. |
| 17 A. Because I didn't do anything wrong, 18 improper. | 14 Q. Why did you agree to confidentiality in 15 the settlement? |
| 19 Q. Well, at any point before today have you 20 given a statement to Walsh's attorneys? | 16 A. On advice of counsel. |
| 21 A. Specifically to them? Specifically to 22 them? Is that what your question is? | 17 MR. BERTUCIO: Objection to that. |
| 23 Q. Specifically or generally to them. | 18 Q. I don't have any further questions. |
| 24 A. There were pleadings along the way 25 that -- | 19 MR. JASO: Let me just take a moment, 20 please. I have nothing further. Thank you for your 21 time. |
| Page 127 | |
| 1 Q. Well, at one point Walsh filed some 2 pleadings that accused you of some very serious 3 conduct. Correct? | 1 Mr. McGowan, to me and to Mr. Hayes. |
| 4 A. Yes. | 2 MR. JASO: That's correct. |
| 5 Q. Do you know what it was that made Walsh 6 change its mind that you were not guilty of very 7 serious conduct? | 3 MR. BERTUCIO: I don't feel the need to 4 take possession of any copies of documents or any 5 documents. |
| 8 A. I don't know what documents they looked 9 at, but the original complaint was amended where we 10 weren't closing attorneys, so even way early on in 11 the case they realized that my involvement was not as 12 they initially pled it. | 6 (The deposition is concluded at 1:20 7 p.m.) |
| 13 Q. Right. But at the time you were 14 dismissed from the case the state of the pleadings at 15 that time was you were a RICO defendant. Correct? | 8 |
| 16 A. There was a RICO case. | 9 |
| 17 Q. So my question is: Do you know what it 18 was that Walsh learned that made it conclude that you 19 were not a proper RICO defendant? | 10 <hr/> MICHAEL ALFIERI |
| 20 MR. JASO: Object to form. | 11 Subscribed and sworn to before me |
| 21 A. You would have to ask Walsh. | 12 this _____ day of _____, 2010. |
| 22 Q. Coming back to what I was asking before, 23 you did not give them any information before you 24 reached that settlement on whether or not you were a 25 proper RICO defendant. Is that true? | 13 |
| | 14 |
| | 15 Notary Public |
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